

Corporate Social Responsibility (CSR)

M P Saravanan

Master Class Certified, IoD

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/ Responsible Business) is a form of corporate self-regulation integrated into a business model. CSR policy functions as a self-regulatory mechanism whereby a business monitors and ensures its active compliance with the spirit of the law, ethical standards and international norms. With some models, a firm's implementation of CSR goes beyond compliance and engages in "actions that appear to further some social good, beyond the interests of the firm and that which is required by law." CSR aims to embrace responsibility for corporate actions and to encourage a positive impact on the environment and stakeholders including consumers, employees, investors, communities, and others.

The term "corporate social responsibility" became popular in the 1960s and has remained a term used indiscriminately by many to cover legal and moral responsibility more narrowly construed.

Proponents argue that corporations increase long term profits by operating with a CSR perspective, while critics argue that CSR distracts from business' economic role.

I. DEFINITION

Corporate Social Responsibility (CSR), a term widely use for defining the responsibilities of corporate world towards the society & environment. Although the term is not new in this Corporate world but its scope & meaning has undergone major changes from treating it as a mere charity in comparison with the responsibilities/duties of the Corporate towards the outer world.

There are many big entities who have been actively engaged in the CSR activities but unfortunately the number is relatively less. In order to encourage more entities to participate in the process of development of the society via- CSR, the

Government of India has actually implemented the concept of CSR in the new Companies Act 2013, On 27th February, 2014, the Government of India has notified the rules for CSR spending u/s 135 of the New Companies Act 2013 along with Companies (Corporate Social Responsibility Policy) Rules, 2014 effective from 1st April 2014. Turning the CSR from voluntary activities to the mandated responsibilities, also governed by the bundle of regulations as follows:

Eligibility Criteria:

Company (includes foreign company with branches or project in India) having minimum net worth of Rs 500 Crores.

Turnover up to "1000 Crores" having a net profit of at least '5crore' during any financial year, are covered by this provision.

Composition of CSR Committee

The Company should constitute a Corporate Social Responsibility Committee as follows:

1. The Committee shall consist of minimum 3 (three) including 1 (one) Independent Director, however in case of Private Company or the Company, which is not required to appoint Independent Director on board, or Foreign Company the committee can be formulated with (2) two directors.
2. The CSR Policy shall be formulated in accordance with Schedule VII and the CSR Committee will be responsible for framing the policy, finalizing the amount to be spent on CSR, monitoring & implementation of the Scheme.
3. If Company ceases to fulfill the eligibility criteria for three consecutive years, then the company is not required to comply until the company will meet the eligibility criteria once again.

The CSR Rules provides the manner in which CSR committee shall formulate, monitor the policy and manner of understanding for CSR activities.

Under the rules, the Government has also fixed a threshold limit of 2% of the "Average" Net Profits of the block of previous three years on CSR activities and if Company fails to spend such amount, disclosures are to be made for the same. But an exemption has been given to the Companies that do not satisfy the above threshold for three consecutive years.

II. COMPANIES ACT 2013

'Governance' is derived from the Greek verb *kubernáo* meaning 'to steer'. A brief on CSR Activities as prescribed under Schedule VII of CA, 2013

1. Objective to efface the daily life segments including poverty, malnutrition and hunger while enhancing the standard of living and promoting the facets of better health care and sanitation.

2. Initiative to promote the different segments of education including special education and programs to enhance the vocation skills for all ages like children, women, elderly and conducting other livelihood enhancement projects.

3. Aim to bring the uniformity in respect of different sections of the society to promote gender equality and other facilities for senior citizens and developing hostels for women and orphans and taking initiative for empowering women and lowering inequalities faced by socially and economically backward groups.

4. Elevate the segment of flora and fauna to bring the ecological balance and environmental sustainability in respect of animal welfare, conservation of natural resources and agro forestry while maintaining the quality of air, water and soil.

5. Enhancement of Craftsmanship while protecting art and culture and measures to restore sites of historical importance and national heritage and

promoting the works of art and setting up of public libraries.

6. Steps to bring worthy to the part of war windows, armed force veterans and their departments.

7. Sports programs and training sessions to enhance the level of rural sports, nationally recognized sports, Para Olympic sports and Olympics sports.

8. Favoring to Prime Minister's National Relief Fund and contribution to other fund set up by the Central Government to promote socio-economic development and welfare of the schedule castes and Schedule Tribes and for supporting backward classes, minorities and women.

9. To uplift the technology of incubator that's comes under academic institutions and which are approved by the Central Government.

10. Introducing varied projects for Rural Development.

The below activities doesn't include under the CSR activities of the Company.

1. Business run in the normal course.

2. Outside the territory of the India or abroad.

3. For the welfare of tshe employees and their families.

4. Political party contribution of any amount directly and indirectly as defined u/s 182 of the Act.

The above CSR activities shall be undertaken by the Company, as per its stated CSR policy, in consonance with the new or ongoing projects excluding activities undertaken in pursuance of its normal course of business. The Board of Directors may decide to undertake its CSR activities approved by the CSR Committee, through a registered trust or a registered society.

III. CSR AND IMPORTANCE

Corporate Social Responsibility: People, Planet and Profit It is important to understand the legislative, policy and institutional frameworks that govern contemporary CSR and CSI practices and programmes, and how concepts like the Triple Bottom Line – understood in the context of People, Planet, Profit (Social, Environmental, Financial measures) – can benefit the organisation and the environment in which the company conducts its business.

Previously, the terms CSR and CSI were used interchangeably. Subsequently, with the change of the corporate and Broad-Based Black Economic Empowerment landscapes, these terms have been defined separately. Corporate Social Investment is a sub-component of Corporate Social Responsibility.

Let's begin by defining CSR. CSR refers to an organisation's total responsibility towards the business environment in which it operates. CSR encompasses a broader solution to the Triple Bottom Line mentioned above.

The term 'Corporate Social Responsibility' came about in the late 1960's and early 1970's after many multinational corporations used it to describe organisational activities that impacted their responsibility towards the greater environment. CSR originated in philanthropy. Currently it supports projects external to the normal business activities of a company that are not directed towards making a profit.

Typically, such projects have a strong developmental approach and utilise company resources to benefit non-profit organisations and communities. CSR spend must not be confused with marketing spend, which is utilised to promote the profile of the company brand.

CSR Standards and Practices

ISO 26000 is the recognised international standard body for CSR. The ISO 26000 standards benefit CSR because they provide clarity on an organisation's concepts, terms and definitions related to social responsibility. ISO 26000 intends

to assist organisations in contributing to sustainable development. The standards provide insight into trends and characteristics of social responsibility. ISO 26000 therefore aims to integrate, implement and promote socially responsible behaviour throughout the organisation and in its engagement with its stakeholders.

It is important for businesses not only to provide products and services to satisfy the customer, but also to ensure that the business is not harmful to the environment in which it operates. In order for an organisation to be successful, the business must be built on ethical practices. Companies are increasingly pressurised to behave ethically. This pressure comes from customers, consumers, governments, associations and the public at large. ISO 26000 was created with this in mind, to provide guidance on the international standards on CSR. It is intended for organisations in both public and private sectors, in developed and developing countries.

These standards motivate businesses to go beyond legal compliance, recognising that compliance with the law is a fundamental duty of any organisation and an essential part of their social responsibility. Being trustworthy and transparent, however, increases consumers' preference for a company and its product or service.

The King Report on Corporate Governance (South Africa 2009 – King III) promotes good social and environmental practices as part of good corporate governance. It is closely aligned with the standards for international corporate governance. The JSE (Johannesburg Stock Exchange) Securities Exchange prescribes compliance with King III for listed companies.

CSR focuses on achieving economic success through responsible corporate governance in a company's core area of business. CSR pushes organisations to do better because their actions affect customers, suppliers, employees, shareholders and the community at large. Partnerships with the communities, particularly those that have been disadvantaged, can help companies build productive relationships and stimulate economic growth in disadvantaged areas.

Around the world, companies are motivated to make their business decisions more sustainable by applying the principles of CSR within their organisations. Examples include the protection of human rights, drawing up and implementing employment and environmental standards, and minimising corruption.

Choosing the Right Corporate Social Investment (CSI) Strategy

Corporate Social Investment is a strategically focused investment in bringing about meaningful transformation that is in line with core business objectives.

There are four CSI strategies, organisations usually fit in one of the following

These include:

Obstructive strategy – these are companies that meet economic demands;

Defensive strategy – these are companies that meet economic and legal responsibilities;

Accommodative strategy – these are companies that meet economic, legal and ethical responsibilities; and

Proactive strategy – these are companies that meet economic, legal, ethical and discretionary responsibilities.

It must be the goal of every organisation to use a proactive strategy where they do what is right, meet legal obligations and contribute to the community, while still making a profit. A well-known example of this strategy is the Tylenol case in 1982. Johnson & Johnson spent over \$100 million recalling Tylenol, its best-selling product, after someone tampered with bottles of the painkiller. The result was a rise in consumer confidence despite the contamination scare.

Companies that operate with business ethics have a competitive advantage because consumers are more willing to trust ethical brands and remain loyal to those products, even during difficult periods.

However, not all businesses operate in the same way.

Ethical companies that relocate their manufacturing facilities to developing countries must not tolerate certain practices that are acceptable in some of those countries, such as child labour, poor health and safety, poverty-level wages and coerced employment.

It is important for companies to understand the importance of operating ethically and to measure their success by more than just profitability. Corporate Social Responsibility is more than just philanthropic activity. There must be measurable and sustainable action with each program that is implemented.

IV. CSR IMPLEMENTATION

The following is a list showing Implementation

There is no “one-size-fits-all” method for pursuing a Corporate Social Responsibility (CSR) approach. Each firm has unique characteristics and circumstances that will affect how it views its operational context and its defining social responsibilities. Each will vary in its awareness of CSR issues and how much work it has already done towards implementing a CSR approach.

That said, there is considerable value in proceeding with CSR implementation in a systematic way—in harmony with the firm’s mission, and sensitive to its business culture, environment and risk profile, and operating conditions. Many firms are already engaged in customer, employee, community and environmental activities that can be excellent starting points for firm-wide CSR approaches. CSR can be phased in by focusing carefully on priorities in accordance with resource or time constraints. Alternatively, more comprehensive and systematic approaches can be pursued when resources and overall priorities permit or require. The bottom line is that CSR needs to be integrated into the firm’s

core decision making, strategy, management processes and activities, be it incrementally or comprehensively.

The impulse for harmonization also stems from the wider social context. As will be described below, there are a number of governmental and partnership developed initiatives that have emerged to provide guidance on governmental and societal expectations of business. By using these instruments—such as the OECD MNE Guidelines or the UN Global Compact—business users can be confident that they are basing their efforts on internationally-endorsed approaches.

What follows below is a broad framework for implementing a CSR approach that builds on existing experience as well as knowledge of other fields, such as quality and environmental management. The framework follows the familiar “plan, do, check and improve” model that underlies such well-known initiatives as those of the International Organization for Standardization (ISO) in the areas of quality and environmental management systems. The framework is also intended to be flexible, and firms are encouraged to adapt it as appropriate for their organization.

CSR in Small Business Enterprises

“This seems like too large a task to undertake. We have very limited time and resources in our small office. How can we find all this CSR information and still focus on our day-to-day operations?”

The small size of operations may make it easier to find information on actual and potential CSR activities and impacts. Also, many small businesses operate closely with local communities and understand the issues. Assign one person to create a checklist (see below), with input from other employees, of all the CSR activities and initiatives that the company might put in place, and check off what it is already doing, noting any gaps.

Consider using one of the many existing self-assessment tools and check-lists. Another good resource is industry associations, which quite frequently take leadership roles on issues such as CSR and may offer assistance with self-assessments. Consider working with a non-profit organization to conduct an eco-audit, or hiring a student or consultant.

The main objective is to review current business practices to identify activities that fall under the heading of CSR (e.g., recycling), as well as potential activities (e.g., purchasing products from developing countries where workers are paid living wages or that protect core labor rights).

A key resource to draw on in this regard is staff. As the front-line personnel carrying out the functions of the business, employees are often very aware of a number of ways in which the firm’s activities affect stakeholders, and frequently have suggestions for improvement.

Sample CSR small business checklist

Can we:

- Provide a safer working environment and educational assistance to employees?
- Improve contractual relations with employees?
- Enhance gender equality in the workplace?
- Use more energy-efficient appliances (e.g., light bulbs) or vehicles?
- Source more from local suppliers?
- Improve customer service standards?
- Support more local community projects?
- Purchase fair trade products that support workers in developing countries?
- Recycle more waste?

- Ensure a better work/life balance for employee than a lakh at inception, the Gross Premium went up to Rs.58 crores in 1973 and during 2015-16 the figure stood at a mammoth Rs. 8611 crores.
- Be more accessible to customers of various abilities?

CSR SET UP

BOARD LEVEL

The Company has constituted CSR (Corporate Social Responsibility) Committee, a Sub-Committee of the Board of Directors of the Company as detailed below:

S.No.	Name	Position in Company	Position in Committee
1	Shri Sujay Banarji	Chairman-cum-Managing Director (Officiating)	Chairperson
2	Shri Jatinderbir Singh	Director	Member
3	Dr. N. Srinivasa Rao	Director	Member
4	Ms Mudita Mishra	Director	Member
5	Shri V. E Kaimal	Director	Member
6	Shri Atul Sahai	General Manager(CSR)	Invitee Member

V. CSR CASE STUDY

Oriental Insurance

The Oriental Insurance Company Ltd was incorporated at Bombay on 12th September 1947. The Company was a wholly owned subsidiary of the Oriental Government Security Life Assurance Company Ltd and was formed to carry out General Insurance business. The Company was a subsidiary of Life Insurance Corporation of India from 1956 to 1973 (till the General Insurance Business was nationalized in the country). In 2003 all shares of our company held by the General Insurance Corporation of India have been transferred to Central Government.

The Company is a pioneer in laying down systems for smooth and orderly conduct of the business. The strength of the company lies in its highly trained and motivated work force that covers various disciplines and has vast expertise. Oriental specializes in devising special covers for large projects like power plants, petrochemical, steel and chemical plants. The company has developed various types of insurance covers to cater to the needs of both the urban and rural population of India. The Company has a technically qualified and competent team of professionals to render the best customer service.

Oriental Insurance made a modest beginning with a first year premium of Rs.99,946 in 1950. The goal of the Company was "Service to clients" and achievement thereof was helped by the strong traditions built up overtime.

ORIENTAL with its head Office at New Delhi has 31 Regional Offices and nearly 1800+ operating Offices in various cities of the country. The Company has overseas operations in Nepal, Kuwait and Dubai. The Company has a total strength of around 14,000+ employees. From less

CORPORATE LEVEL

A Corporate CSR Department under the guidance and supervision of GM (CSR) has been set up to implement, monitor and evaluate CSR Activities undertaken in the Company. For implementation of various CSR activities, the services of Regional Offices of the Company spread across the Country are also utilized for implementation of CSR

initiatives in various parts of the Country and in selection of implementing agencies.

CSR Initiatives

Launch

The Company launched its CSR activities on its 67th Founder's Day on 12th September, 2014 by organizing an Educational Trip for 500 children living in orphanages under control of Department of Women & Child Development at Azad Hind Gram, an historic and education spot under control of DT & TDC, housing a museum on famous freedom fighter, Netaji Subash Chandra Bose, and giving an insight on heroic activities of Azad Hind Fauz which played an important role in India's freedom fight against British Government. The children also participated in many activities such as Camel Cart ride, Rope walking, Potter's wheel, besides watching a film on life of Netaji Subash Chandra Bose. The children also gained knowledge on cleanliness, brotherhood and harmony. The Company also arranged for refreshments and distributed educational books amongst the children, who left the venue with a promise to COME BACK AGAIN.

For The Oriental Insurance Company Limited, Corporate Social Responsibility philosophy is delineating its responsibility as a Corporate Citizen and laying down the guidelines and mechanism for undertaking socially useful programmes for welfare & sustainable development of the community.

The Vision for CSR is that ORIENTAL INSURANCE, in its role as a socially responsible corporate citizen will endeavor to participate in programmes that benefit the society at large and also those who need special assistance.

The objective of ORIENTAL INSURANCE for CSR is to operate its business in an economically, socially & environmentally sustainable manner, to directly or indirectly take up programmes that benefit the community, enhance the quality of life for people for whom the specific programme is designed, to create community goodwill and enhance its socially responsible image .



CSR ACTIVITIES UNDERTAKEN IN 2014-15

1. Contribution to Swachchh Bharat Kosh for building of toilets in schools under Swachchh Bharat Abhiyan. Contribution to Swachchh Bharat Abhiyan
2. Contribution to Andhra Pradesh Chief Minister's Relief Fund for relief and rehabilitation of victims of HUDHUD Cyclone. Contribution to Andhra Pradesh Relief Fund
3. Educational trip to Azad Hind Gram for Children of orphanages run by Department of Women & Child Development, Government of Delhi. Educational trip to Azad Hind Gram
4. Educational trip to National Science Museum for Children of Lady Noyce School for hearing impaired run by department of Social Welfare, Government of Delhi. Educational trip to National Science Museum
5. Educational trip to Akshardham for Children of Nirmal Chanyya Home for girls run by Department of Women & Child Development, Government of Delhi. Educational trip to Akshardham
6. Educational Trip (Second Time) for the children of orphanages of all homes (run by the Delhi Government, Department of Women and Child Development) who could not earlier attend the trip to Azad Hind Gram, New Delhi. Refer to Pic Azad_Hind_Gram
7. Contribution made to CM's Relief Fund for the Relief and Rehabilitation of victims of floods in Jammu and Kashmir in the area of Medical Aid, supply of food and clean water. Refer to Pic CM_ReliefFund_JK
8. Contribution made to CM's Relief Fund for the Relief and Rehabilitation of victims of floods in

Assam in the area of Medical Aid, supply of food and clean water.

9. Contribution made to CM's Relief Fund for the Relief and Rehabilitation of victims of floods in Meghalaya in the area of Medical Aid, Supply of food and clean water. Refer to Pic ReliefFund_Assam_Megh

10. Contribution made in 'Clean Ganga Fund' for 'Namami Gange Mission'. Refer to Clean_Ganga_Fund

11. Providing infrastructure facilities like , Air conditioners, Refrigerator, fans, Water Coolers, Water Purifier and Chappati Making Machine to senior citizens of 'Arya Mahila Ashram' at New Rajinder Nagar and ' Old Age Home, Bindapur run by Delhi Government. Refer to Pic Arya_Mahila_Ashram

12. Organizing Health Camps (Personal and Veterinary) across the Country. Refer to Pic Health_Camps

Why do we need CSR?

Consumers increasingly don't accept unethical business practices or organisations who act irresponsibly. Advances in social media (giving everyone a voice) mean that negative or destructive practices quickly fuel conversations online. Organisations are accountable for their actions like never before.

The Business Benefits of CSR

CSR should not be viewed as a drain on resources, because carefully implemented CSR policies can help your organization:

Win new business

Increase Customer retention

Develop and enhance relationships with Customers, Suppliers and create networks

Attract, retain and maintain a 'Happy workforce and be an Employer of Choice'

Save money on energy and operating costs and manage risk

Differentiate yourself from your Competitors

Generate innovation and learning and enhance your influence

Improve your business reputation and standing

Provide access to investment and funding opportunities

Generate positive publicity and media opportunities due to media interest in ethical business activities

VI. DELIVERABLES

With the understanding the each client's program design is adjusted to fit their unique needs, typical deliverables include the following:

A structured volunteering and giving program, including:

A complete measurement framework with "Assessment Questionnaire" and Scorecard

Required policy and procedure materials

Administrative infrastructure

(Leveraging the interests and skills of employees)

The right technology to support the program objectives and processes

Reward and recognition programs

Vetted partners

Strong communications strategies and materials for internal promotion